

No. 15884

IN THE  
**United States Court of Appeals**  
FOR THE NINTH CIRCUIT

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ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.  
WOLFE COMPANY, INC.,

*Appellant,*

*vs.*

RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,  
PAUL A. KARRS, OTTO R. GRASS and JOE P. KERLEY,

*Appellees.*

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RUBBER TECK, INC., RUBBER TECK SALES AND SERVICE CO.,  
PAUL A. KARRS, OTTO R. GRASS and JOE P. KERLEY,

*Appellants,*

*vs.*

ROHR AIRCRAFT CORPORATION and THE FRANKLIN C.  
WOLFE COMPANY, INC.,

*Appellees.*

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Opening Brief for Cross-Appellants, Rubber Teck, Inc.,  
et al.

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## TOPICAL INDEX

	PAGE
Introduction .....	1
Jurisdiction .....	3
Points of defendants' cross-appeal.....	3
Allegations and proofs as to false marking.....	4
Attorney's fees .....	11
Conclusion .....	14

## TABLE OF AUTHORITIES CITED

### CASES

PAGE

Alliphant v. Salem Flouring Mills, 18 Fed. Cas. No. 10486, p. 647 .....	8
Calderwood v. Mansfield, 71 Fed. Supp. 480.....	10
London v. E. H. Dunbar Corp., 179 Fed. 506.....	9

### RULES

Rules of the United States Court of Appeals, Ninth District, Rule 43(b) .....	12
--	----

### STATUTES

Patent Act of 1952, Sec. 292.....	2, 10
Revised Statutes, Sec. 4901.....	10
United States Code, Title 28, Sec. 1291.....	3
United States Code, Title 28, Sec. 1338(a).....	3
United States Code, Title 35, Sec. 122.....	10
United States Code, Title 35, Sec. 285.....	3
United States Code, Title 35, Sec. 292 .....	2, 14

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## Introduction.

Plaintiffs brought suit against the defendants for infringement of claim 1 of United States Letters Patent No. 2,396,005, a copy of which appears in the record at page 855. A count for unfair competition was included in the complaint [R. 7].

Defendants asserted in their answer that the patent in suit was invalid, denied infringement, denied the allegations of unfair competition, and presented a counterclaim [R. 26] asserting that the plaintiff, the Franklin C. Wolfe Company, Inc., the exclusive licensee under the patent in suit, was advertising so-called "Gask-O-Seals," "Termin-O-Seals," and one-piece "Lock-O-Seals" as be-

ing patented by the patent in suit and as having a “patent pending,” whereas these were not the true facts. They prayed that the complaint be dismissed with costs and that a reasonable attorney’s fee be awarded the defendants and that they recover from the plaintiffs the penalty provided in Section 292 of the Patent Act of 1952, 35 U. S. C. 292.

The lower court in a memorandum opinion [R. 31] held the construction defined by claim 1 of the patent in suit to lack invention [R. 35]; that there was no infringement [R. 34-35], and that there was no unfair competition [R. 36]. The lower court also held that

“No merit is found in defendants’ counter-claim \* \* \*” [R. 36]

and that

“\* \* \* the Court is not of the opinion that this is a case justifying the award of attorney fees” [R. 36].

Appropriate findings of fact, conclusions of law and judgment were entered accordingly [R. 37].

It is from the failure of the lower court to find merit in defendants’ counterclaim and from the failure of the lower court to award attorney’s fees to the defendants that this cross-appeal was filed.

Section 292 of 35 U. S. C. provides in part:

*“Whoever marks upon, or affixes to, or uses in advertising in connection with any unpatented article, the word ‘patent’ or any word or number importing that the same is patented, for the purpose of deceiving the public; or*

*“Whoever marks upon, or affixes to, or uses in advertising in connection with any article, the words*

*'patent applied for,' 'patent pending,' or any word importing that an application for patent has been made, when no application for patent has been made, or if made, is not pending, for the purpose of deceiving the public—*

“Shall be fined not more than \$500 for every such offense.

“(b) Any person may sue for the penalty, in which event one-half shall go to the person suing and the other to the use of the United States.” (Italics supplied.)

Section 285 of 35 U. S. C. provides:

“§285. ATTORNEY FEES.

“The court in exceptional cases may award reasonable attorney fees to the prevailing party.”

### **Jurisdiction.**

The lower court has jurisdiction of both aspects of the case on which this cross-appeal has been filed because both matters arise under the Patent Laws, 28 U. S. C. 1338(a). The Court has jurisdiction of this cross-appeal under 28 U. S. C. 1291.

### **Points of Defendants' Cross-Appeal.**

The points relied upon by defendants, cross-appellants, in prosecuting their cross-appeal are as follows [R. 822]:

“1.

“The Court erred in holding that there is no merit in defendants' counterclaim.

“2.

“The Court erred in refusing to require plaintiffs to comply with demand made by defendants' counsel to produce copies of their application which would

have justified their use of the words 'other patents pending' in plaintiffs' advertising literature.

"3.

"The Court erred in failing to grant defendants' counterclaim under the provisions of 35 USCA 292.

"4.

"The Court erred in refusing to afford defendants an opportunity to make an appropriate application for the allowance of attorney's fees.

"5.

"There was an abuse of discretion on the part of the Court in denying defendants' prayer for attorney's fees without affording defendants an opportunity to present facts and circumstances justifying their award."

#### **Allegations and Proofs as to False Marking.**

In paragraph 20 [R. 27] of defendants' counterclaim it is alleged that plaintiff, The Franklin C. Wolfe Company, Inc.

"\* \* \* used in advertising in connection with so-called Gask-O-Seals the statement 'Patent No. 2,396,005' importing that the same is patented for the purpose of deceiving the public, \* \* \*"

whereas the patent in suit does not cover the "Gask-O-Seal."

In paragraph 21, the allegation is made that The Franklin C. Wolfe Company, Inc.

"\* \* \* used in advertising in connection with the unpatented so-called 'Termin-O-Seals' the statement 'Patent No. 2,396,000' importing that the same was patented for the purpose of deceiving the public"

whereas, the "Termin-O-Seals" are not patented and are not covered by said Patent No. 2,396,000.



In paragraph 22 [R. 28], it is alleged, The Franklin C. Wolfe Company, Inc.

“\* \* \* used in advertising in connection with so-called one-piece ‘Lock-O-Seals’ the statement ‘Patent No. 2,396,005’ importing that the same is patented for the purpose of deceiving the public,”

whereas the one-piece “Lock-O-Seals” are not covered by said Patent No. 2,396,005.

In paragraph 23 [R. 28], it is alleged that The Franklin C. Wolfe Company, Inc.

“\* \* \* used in advertising in connection with its ‘Termin-O-Seals’ and one-piece ‘Lock-O-Seals’ the statement ‘Patents Pending’ or words importing that an application for patent had been made thereon, whereas upon information and belief no application for patent had been made on either of said devices, or if made was not pending at the time such advertising was published; that these statements were made in such advertising for the purpose of deceiving the public.”

All of the foregoing allegations are established by Exhibit 15 transmitted as a physical exhibit. Furthermore, The Franklin C. Wolfe Company, Inc. has persisted in making similar representations in its 1955 and 1956 advertising [see Ex. 109].

In the plaintiffs’ reply to defendants’ counterclaim [R. 29] the plaintiff, The Franklin C. Wolfe Company, Inc., “admits that the words and numerals ‘Patent No. 2,396,005’ have appeared in advertising copy for plaintiffs’ product ‘Gask-O-Seal’ as part of a general patent legend and admits that the patent does not cover the construction of the ‘Gask-O-Seal’” [R. 30].

A similar admission is made in paragraph 3 of the reply with respect to the advertising copy on "Termin-O-Seals."

In paragraph 4, plaintiffs admit that the patent number of the patent in suit has appeared on advertising copy for the one-piece "Lock-O-Seals" and in paragraph 5, admit that the words "Patents Pending" have been used on advertising copy for plaintiffs' products "Termin-O-Seals" and one-piece "Lock-O-Seals."

The allegation made in defendants' counterclaim in paragraph 18 [R. 27] is that all of the acts of The Franklin C. Wolfe Company, Inc. complained of with respect to false marking were

"committed within the Judicial District of the Southern District of California."

The truth of this allegation is admitted in paragraph 1 of plaintiffs' reply [R. 29].

The situation therefore is reduced to this:

The plaintiffs admit using in advertising the number of the patent in suit on articles which are not covered by the patent in suit, and the only question remaining is whether or not the display of the patent number and the display of the statement "Patents Pending" was done *for the purpose of deceiving the public*. We submit that it was done for this purpose as displayed in Exhibit 15 and in Exhibit 109.

Usually, the display as it appears in the advertising reads in its entirety as follows:

"One of the Lock-O-Seal family  
"Patent No. 2,396,005  
"Other patents pending"

With respect to the display of "Patent No. 2,396,005" there are two possible interpretations that the public can make of the statement. These are:

(1) That the entire "Lock-O-Seal" family, including "Termin-O-Seals," "Gask-O-Seals," "Riv-O-Seals," one-piece "Lock-O-Seals," two-piece "Lock-O-Seals" and others is patented by Patent No. 2,396,005.

(2) That the "Gask-O-Seals," "Termin-O-Seals," one-piece "Lock-O-Seals," and other sealing devices manufactured and sold by the plaintiff, Franklin C. Wolfe Company, all belong to the Lock-O-Seal family but are covered by individual patents which in the case of each, is Patent No. 2,396,005.

Either interpretation would be erroneous, and The Franklin C. Wolfe Company, Inc. by its persistence in this type of advertising long after the counterclaim in this case was filed seems to take the position of "Let the public deceive itself—we will do nothing to clarify the situation." Manifestly, if the public is misled into believing that the entire "Lock-O-Seal" family is covered by the patent in suit or that "Gask-O-Seals," "Termin-O-Seals," or one-piece "Lock-O-Seals" are individually covered thereby The Franklin C. Wolfe Company, Inc. will have its competition with respect to "Gask-O-Seals," "Termin-O-Seals," "Bolt-O-Seals," and one-piece "Lock-O-Seals" materially reduced.

It is true that the burden of proof in establishing that plaintiffs' advertising was for the purpose of deceiving the public falls upon the defendants, counter-claimants and cross-appellants. However, as intent is a state of mind, it can only be proved by the display made in the adver-

tising itself and by the persistence in the advertising even after its unfair nature is called to the attention of The Franklin C. Wolfe Company, Inc. by the filing of the counterclaim.

In *Alliphant v. Salem Flouring Mills*, 18 Fed. Cas. No. 10486, page 647, it was said:

“But the word ‘patent’ upon an article is prima facie an assertion that it has some peculiar value or merit sufficient to induce the government, upon a thorough examination of the subject, to give the inventor the exclusive right to make and vend the same. The impression which the fact ordinarily makes upon the mind is, that the article marked ‘patent’ is in some respects more useful or desirable than articles of the same general kind or use which are not so marked. If then a person marks an unpatented article with the word ‘patent,’ the public are thereby liable to be deceived as to the character and value of the article. The act is a species of counterfeiting. *This being so, the presumption is, until the contrary appears, that the mark was placed on the article with the intention to deceive.* The falsehood is a badge of fraud.” (Emphasis added.)

Likewise here, when the legend is displayed on advertising of “Gask-O-Seals,” “Termin-O-Seals,” and one-piece “Lock-O-Seals,” the impression sought to be conveyed to the public is that the Government represented by the United States Patent Office, has made a thorough examination of the designs of these seals and has given to the designer of these seals the exclusive right to make and vend the same and that these seals are in some respects more useful or more desirable than articles of the same general character which are not marked “Patented.” The fact is, that the Government represented

by the United States Patent Office has never seen the "Gask-O-Seals," or the "Termin-O-Seals" or the one-piece "Lock-O-Seals" and has never placed its stamp of approval thereon in granting the patent in suit.

In *London v. E. H. Dunbar Corp.*, 179 Fed. 506, 510 (C. C. A. 1), the Court said:

"Where the article marked is obviously very remote from the patent referred to in justification of the marking, *this difference alone may be sufficient to show an intention to deceive*, but where the difference is slight, and the question of the breadth of the invention or of the claims is so close as to permit of an honest difference of opinion, then it may be necessary for the plaintiff to adduce testimony additional to the fact that the article is unpatented, in order to show guilty knowledge as distinguished from erroneous opinion." (Emphasis added.)

In the present situation, claim 1 of the patent in suit is drawn to a metal washer within which there is a rubber O-ring whose cross-sectional diameter is slightly greater than the thickness of the washer so that when positioned around a bolt or similar fastener, the rubber O-ring will be deformed or squashed into sealing engagement with surrounding metal surfaces. The design of the "Gask-O-Seal" is radically different. It consists of a flat metal plate-like gasket on opposite faces of which there are annular grooves containing more or less W-shaped rubber rings. The "Termin-O-Seal" likewise differs radically from the patent in suit having a tubular extension extending upwardly from the rubber ring. These differences alone should be sufficient to show an intention to deceive.

In *Calderwood v. Mansfield*, 71 Fed. Supp. 480, 482, the Court said:

“Obviously the statutory object is to penalize those who palm off upon the public unpatented articles by falsely and fraudulently representing them to have been patented.”

With respect to the statement made in the advertising “Other patents pending” attention is invited to the fact that the use of the term “Patents Pending” or the equivalent thereof is an innovation in the law included in Section 292 of the 1952 Patent Act but not included in the previous statute, R. S. 4901. Under 35 U. S. C. 122 applications for patents are kept in confidence by the Patent Office and no information concerning the same is given without authority of the applicant or owners unless necessary to carry out the provisions of an Act of Congress or special circumstances as may be determined by the Commissioner. However, Section 292 imposes a penalty for mismarking articles “Patent Applied For” or “Patent Pending.” It certainly could not have been the intention of Congress to have enacted this innovation in the law and at the same time make it incapable of proof because of the secrecy imposed by Section 122.

During the course of this trial a demand was made on the plaintiffs for the production of their application for a patent on their one-piece “Lock-O-Seal” which was refused by the Court [R. 557]. We think that this was error on the part of the Court and that the Court should have required the plaintiffs to produce their applications on their various sealing devices identified in their advertising with the legend “Other patents pending,” or, in the alternative, confess that they had no applications pending thereon.

### Attorney's Fees.

The last paragraph of the brief filed on behalf of the defendants in the lower court reads as follows:

“It is urged that judgment be entered for the defendants and that *an opportunity be granted for the defendants to make an appropriate application for the allowance of attorney's fees.*” (Emphasis added.)

The lower court summarily dismissed this request for an opportunity to make an appropriate application for the allowance of attorney's fees in its memorandum opinion [R. 36]. Had such an opportunity been granted the defendants would have shown that on September 21, 1954, following receipt by defendant, Rubber Teck, of a notice of infringement of the patent in suit, Fred H. Miller representing the defendants, wrote to Robert W. Fulwider, representing the plaintiffs, as follows:

“In accordance with my telephone conversation with you today, I am transmitting to you herewith copies of prior art developed in the validity search of the Gross Patent No. 2,396,005.

“To facilitate your investigation of the question, as I see it, I am quite convinced that Rubber Tek (*sic*) does not infringe Claim 2 of this patent, which includes as one of its limitations the standard washer.

“As to Claim 1, insofar as the structure of this claim is concerned, I believe that the claim reads directly on Fig. 5 of the Hart patent No. 67,539. The only criticism that could be directed against the Hart patent is that that patent is a lock washer rather than a sealing means. However, this deficiency, in my opinion, would be overcome by the presence in the prior art of the British Patent No. 537,654, which shows in Fig. 5 a relatively thin metallic washer 8

and a thicker rubber ring inside of it, 7, which is squashed to form a seal, as illustrated in Fig. 3.

“The other patents transmitted herewith may prove of interest.”

Transmitted with the letter were copies of the patents specifically mentioned therein and also copies of additional prior patents including the Seligman patent [R. 945].

When plaintiffs instituted this suit on May 26, 1955, nearly eight months later, they did so with full knowledge of the fact that the prior art relied upon by the defendants was in existence, that much of this prior art was closer than the prior art cited by the Examiner during the prosecution of the application of the patent in suit, and that in view thereof, claim 1 of the patent in suit was of extremely doubtful validity. Plaintiffs, nevertheless, persisted in bringing this suit against the defendants.

Not only was the suit instituted against Rubber Teck, Inc., the manufacturer of the infringing article, but also its officers, Paul A. Karres and Otto R. Grass, and the former Officer, Joe P. Kerley. Joe P. Kerley, however, had severed his entire connection with the defendant, Rubber Teck, Inc., in July 1954 [R. 300], and prior to his leaving the company there was no commercial production of the “Duoseals” which are alleged to infringe [R. 300]. Joe P. Kerley was named as a joint defendant primarily for the purpose of taking an exhaustive discovery deposition of Mr. Kerley under Rule 43(b),



and for no other apparent purpose, because it is manifest that even if plaintiffs had been successful, Mr. Kerley's participation as an officer of the company in merely making experimental models, could at the most only have resulted in nominal damages against him. However, as Mr. Kerley had left the company before commercial production of the alleged infringements took place, his interests in this litigation were somewhat different from those of the remaining defendants, and Mr. Kerley consequently employed his own attorney, Alfred D. Williams, Esq. [R. 55] to protect his interests during the trial.

We believe that this case presents an unusual situation. It is not a situation wherein a plaintiff, believing that he has a valid patent institutes suit and then is advised by the answer or other notice that his patent is of doubtful validity. In the present case, the plaintiffs were advised *long before* instituting suit of strong available defenses to the patent in suit. They nevertheless proceeded to institute suit at a great expense to all of the defendants, including Mr. Kerley, who had not actively participated in the production of any commercial article alleged to be an infringement. Plaintiffs should be regarded as proceeding under these circumstances at their own peril, and to summarily refuse the allowance of attorney's fees without even affording the defendants opportunity to be heard as to the propriety of granting attorney's fees, we believe to be an abuse of discretion.

### Conclusion.

For the foregoing reasons, we respectfully urge that the plaintiff, The Franklin C. Wolfe Company, Inc. be found guilty of misadvertising contrary to the provisions of 35 U. S. C. 292.

We also urge that the defendants be allowed a reasonable attorney's fee, not only for what was done in the Lower Court, but in conducting the proceedings before this Court with respect to the defense of the plaintiff's appeal and the prosecution of this cross-appeal.

Respectfully submitted,

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